

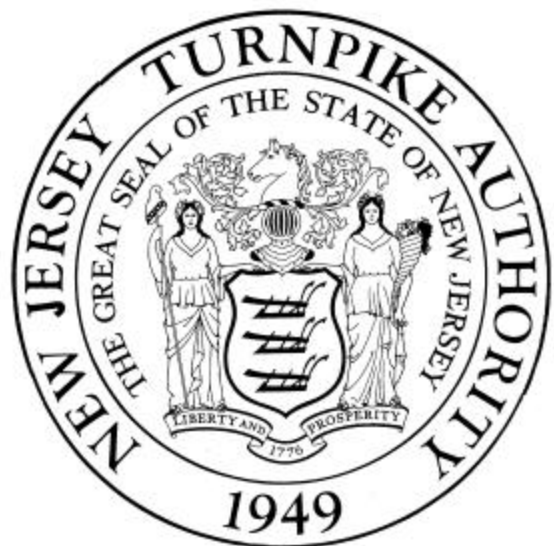
TOLL ROAD CONSOLIDATION:

A REPORT ON THE FIRST YEAR OF OPERATIONS, SAVINGS AND CAPITAL INVESTMENTS

**Presented to
Governor James E. McGreevey**

Submitted By:

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SUMMARY

For years the concept of consolidating the New Jersey Turnpike Authority and New Jersey Highway Authority were discussed by previous administrations only to be put aside as too complex or not worthy of the effort at the time.

Recognizing the need to find innovative solutions for savings and better management in government, the administration of Governor James E. McGreevey took the idea of toll road consolidation and brought it to the forefront of a list of initiatives to improve conditions for New Jersey's motoring public.

When officially proposed just over 16 months ago, it was the findings of the Toll Road Consolidation Study Commission, in conjunction with a study conducted by The Hay Group, that the merger of the New Jersey Turnpike Authority and New Jersey Highway Authority would achieve a savings of approximately \$130 million over 14 years. These savings would result from reductions in employee headcount, elimination of duplicative processes and licensing, and one centralized purchasing system.

A total of 37 positions, for a savings of \$2.9 million, were identified for elimination from the Garden State Parkway division since the official consolidation took place in July 2003. For its own part, prior to consolidation the New Jersey Turnpike Authority eliminated 78 positions from its own staff for a savings of \$4.1 million. Combined, a total of 115 positions were eliminated.

By implementing the above-mentioned processes a savings of \$4 million was realized in the first year of consolidated operations – more than \$3.8 million of that amount was identified after only six months.

Following consolidation, The Authority has emerged on solid financial footing that has allowed for Capital Investment opportunities on both roadways. Debt restructuring and a successful investment strategy have translated into new funding for 11 projects totaling \$130.5 million that were previously unfunded.

In addition to the operational savings of \$4 million, the merger of the Turnpike and Parkway allowed the new Authority to restructure existing debt at lower interest rates thereby making more than \$300 million immediately available for vital roadway improvements and capital projects. In fact, the 2004 New Jersey Turnpike Authority budget will spend a record \$310 million on new construction or the necessary refurbishment of existing projects – a significant increase over the 2003 program that allocated \$270 million.

Of the total construction program \$53,252,594 has been identified for Parkway-specific projects made possible by consolidation that would otherwise have gone unfunded – all while ensuring a fully funded schedule of projects on the New Jersey Turnpike.

Additionally, savings from consolidation will allow approximately \$270 million to be made available to the Garden State Parkway over the next seven years for annual roadway maintenance – a funding source not previously available at the Highway Authority.

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Having successfully completed one year of consolidated operations and meeting the established financial objectives, the leadership of the New Jersey Turnpike Authority is now setting its sights on the identifying further savings while working to accomplish the goals set forth in the Hay Report as well as those established by your administration.

One of those goals will be the implementation of Alternating One-Way Tolls on the Garden State Parkway. This initiative will allow us to capitalize on the significant enhancements made to the New Jersey E-ZPass system over the past two years that will enable us to remove toll barriers on the Garden State Parkway at Raritan North and Asbury Park South, and install Express E-ZPass in the opposite directions.

As a result all drivers will be able to travel more than 40 miles on the Parkway without encountering a toll barrier. E-ZPass customers will be able to travel 74 miles without slowing down to pay a toll.

TOTAL ESTIMATED SAVINGS

As of May 20, 2004 we are pleased to submit to you the following identified savings:

Reduced Staffing	\$3,300,000.00
Technology	\$ 480,000.00
Duplicate Programming/Subscriptions	\$ 78,500.00
Maintenance Savings	\$ 195,300.00
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TOTAL:	\$4,053,800.00

PARKWAY-SPECIFIC CONSTRUCTION PROJECTS

One of the true benefits of the Toll Road Consolidation legislation was the significant savings realized through the elimination of Highway Authority debt and the restructuring of Turnpike Authority debt.

In 2004 projects specific to the Garden State Parkway totaling \$53,252,594 have been funded. Funding for these projects would not have been possible without consolidation.

The following is a description of the Garden State Parkway projects made possible by consolidation savings.

Bridge Replacement over Jimmie Leeds Road

Scope of Work: The work to be performed under this Contract consists of the replacement of two Parkway bridges over Jimmie Leeds Road (with prestressed concrete box beam superstructures); widening of the approach roadways; realignment of the access ramps to and from the Atlantic City Service Area; the construction of new pavement, drainage structures, guide rail, landscaping, pavement markings and highway lighting; and other related work as detailed in the Contract Documents.

Interchange 69 Ramp Toll Improvements

Scope of Work: The work to be performed under this Contract consists of the construction of a full interchange accessing the Garden State Parkway in both the northbound and southbound directions. The construction of two (2) overpass bridge structures, the construction of northbound and southbound ramp toll plazas and administration buildings and other related work as shown on the Plans and specified.

Interchange 123 Improvements

Scope of Work: The work to be performed under this contract consists of the widening of the existing entrance and exit ramps at Garden State Parkway Interchange 123. The work will include the construction of grading, drainage and pavement improvements; two bridge widenings (rolled steel stringer bridges); retaining walls; noise walls; guide rail improvements; utility relocations; highway lighting improvements; signing and striping; and other related work as specified in the Contract Documents.

Interchange 98 Improvements, Replacement of the NJ Rt. 138 WB Bridges over the GSP

Scope of Work: The work consists of the lengthening of the bridges over the northbound and southbound GSP that carrying US Rt. 138 WB to permit the construction of a fourth lane on both the northbound and southbound Parkway below.

Concrete Median Barrier Curb Repairs and Replacement, MP 142 to 163

Scope of Work: The work to be performed under this Contract consists of the repair and replacement of reinforced concrete median barrier curbs and other related work as detailed in the Contract Documents.

Guardrail Post Replacement, MP 0.0 to 53.5

Scope of Work: The work to be performed under this Contract consists of furnishing the required labor, equipment, and materials necessary to replace steel beam guide rail posts along the Garden State Parkway mainline roadway and ramps, between Milepost 0.0 and Milepost 53.5; and other related work as detailed in the Contract Documents.

Bridge Painting, MP 108 to 125

Scope of Work: The work to be performed under this Contract consists of the cleaning and painting of eight existing Garden State Parkway bridges between Milepost 110.1 and 120.7. The work will include removal of existing bridge paint systems, which may contain lead; the application of new protective coating systems (132,900 SF); protection of the environment, structures, persons and property; maintenance and protection of traffic; and other related work specified in the Contract Documents.

Bridge Repairs Central, MP 106.3 to 125

Scope of Work: The work to be performed under this Contract consists of repairing 28 bridges located between GSP Mileposts 106.3 and 125.0. The repair work will include milling and resurfacing or sealing the bridges and approaches; upgrading the bridge safety features with guide rail improvements; repairing concrete bridge decks, prestressed beams and substructures; repairing deck joints; cleaning and painting steel superstructure; repairing impact damage to steel stringers; retrofitting of bearings; repairing slope protection and drainage structures; and other related work as shown on the Contract Documents.

Bridge Barrier Rehabilitation, Bridges Nos. 149.4, 155.8, 155.9 & 156.1A

Scope of Work: The work to be performed under this Contract consists of repairing four (4) bridges located between Garden State Parkway Mileposts 149.4 and 156.1. The repair work will include replacement of existing three rail, steel parapets with New Jersey Safety shaped concrete barriers and concrete parapets; repair of concrete substructures; repair of steel bearing stiffener plates and prestressed concrete stringers; bearing replacement; painting of steel superstructures; repair, removal and replacement of the existing bituminous overlay; patching concrete bridge deck spalls; repair of bridge deck joints; repair of concrete sidewalks and curbs; replacement of bridge mounted fencing; bridge drainage improvements; and other related work as shown on the Contract Documents.

Pavement Restoration & Miscellaneous Improvements between MP 45 and 60

Scope of Work: The work to be performed under this Contract consists of pavement milling and resurfacing with dense graded surface course and open graded friction course, construction of rumble strips, installation of raised pavement markers, striping and other related work as detailed in the Contract Documents.

Pavement Restoration & Miscellaneous Improvements, MP 28.9 to 38.0

Scope of Work: The work to be performed under this Contract consists of pavement milling and resurfacing with dense graded surface course and open graded friction course, construction of rumble strips, installation of raised pavement markers, striping and other related work as detailed in the Contract Documents.

Holmdel State Police Facility Improvements

Scope of Work: Two story(58,000SF) with basement and a two bay sally port facility. Male and female lockers rooms with showers and a exercise room. Office on the main level Station Commander, Squad Sargent, Detention cells(2), communication room. The upper level contains the Headquarters staff offices and training room. The sally port has two bays and facilities for vehicle radio repair. The exterior is a split face block with a standing seam metal roof.

Interim Improvements at the Herbertsville Inspection Station

Scope of Work: The work to be performed under this Contract consists of construction of a 30-ft by 60-ft pre-engineered building with associated site Improvements, utility connections and other related work shown on the Contract Documents. Construction of the pre-engineered building includes a structural steel frame with insulated metal panel walls, soffits, roof panels, and ridge vents; aluminum doors and windows; brick veneer exterior; plumbing facilities; HVAC equipment; and electrical equipment. Water service will require the jacking of 16-inch steel casings under the GSP. Sanitary sewer work will include construction of a sanitary sewer pump station and a force main. The contract also includes construction of advanced roadway signing, guide rail, curbing and pavement repair.

CAPITAL INVESTMENT

Perhaps one of the largest benefits of the Authority consolidation is the renewed ability to invest in infrastructure. New capital investment in both the Turnpike and Parkway will help meet the Authority's charge to maintain safe roadways with significantly reduced congestion. To that end, the Turnpike Authority has prepared its largest Capital Project and Investment Plan in history – more than \$310 million in construction expenditures are planned in 2004, compared with \$270 in 2003.

Following consolidation, The Authority has emerged on solid financial footing that has allowed for Capital Investment opportunities on both roadways. Debt restructuring and a successful investment strategy¹ have translated into new funding for 11 projects totaling \$130.5 million that were previously unfunded. More than \$76 million in new funding will be dedicated to improvements on the Garden State Parkway.

Consolidation has also yielded the creation of a special maintenance reserve program for the Garden State Parkway. In 2004, more than \$27 million will be available for much needed bridge deck repairs and paving projects. This would not have been possible for the Parkway prior to consolidation.

Importantly, in the first months of Consolidation, the Authority's Engineering Department has standardized many of its contracting processes, coordinated in planning operations, installed new project management software, created a new priority capital projects list, and is in the process of relocating staff to one centralized location.

ENGINEERING DEPARTMENT
Total Anticipated 2004 Construction Spending

Contract No.	Description	Anticipated 2004 Expenditures
TURNPIKE DIVISION		
CAPITAL PROJECTS		
R-1228	Sound Barrier Fabrication and Erection, Route I-95, Milepost 120.35 to 121.25	\$ 3,200,000
R-1384	Interchange No. 1 Toll Plaza Grading, Drainage, Pavement, Mile 2.0 to Mile 2.8	\$ 3,200,000
R-1385-1	Interchange 1 Toll Plaza Relocation, Toll Plaza / Construction	\$ 3,150,000
R-1393A	Local Deck Widening, Seismic Retrofit and Vertical Clearance, Lighting, Miscellaneous Improvements, Structure No. E107.88	\$ 13,000,000
R-1412	Eastbound Deceleration Lane Widening, East Viaduct & Grand Street Ramp, Str. Nos. N6.49 & N6.80E	\$ 18,000,000
R-1417	Truck Parking Improvements, Vince Lombardi Service Area 13	\$ 2,400,000
R-1425	Fabrication and Erection of Sound Barrier, Milepost 38.75 to Milepost 38.96	\$ 1,600,000
R-1456	Safety Improvements at Mainline Gore Areas Milepost 72 to Milepost 108	\$ 1,800,000
R-1470	Express E-ZPass at Interchange 18W Toll Plaza, Sign Structure Fabrication	\$ 25,000
R-1471	Express E-ZPass, Interchange 18W Toll Plaza, Roadway and Structures	\$ 325,000
R-6108	Bridge Deck Reconstruction, Roadway Resurfacing & Misc. Improvements, Inner (SNI & NSI) Rdwy. Mile 99.75 to 101.25	\$ 11,600,000
IR-1	Immediate Repairs, Mile 0 to Mile 122	\$ 500,000
SBL-101	Southern Bridge Lengthening Project, Mile 3.7 to Mile 27.0	\$ 7,000,000
SBL- 102	Southern Bridge Lengthening Project, Mile 34.2 to Mile 34.5	\$ 3,000,000
SDE-401	Seaview Drive Extension Roadway, Structures and Traffic Signals	\$ 10,000,000
SIP-101	Secaucus Interchange Project, Structure No. E110.85 Widening	\$ 100,000
SIP-103	Secaucus Interchange Turnpike Connection Grading, Drainage, Paving & Structures	\$ 25,100,000
SIP-201	Secaucus Interchange Project, Embankment, Surcharge, Retaining Walls, Grading and Structures	\$ 100,000
SIP-202	Secaucus Interchange Project, Roadway, Toll Plaza and Canopies, Utility Building and Structures	\$ 10,400,000
SIP-301	Secaucus Interchange Project, Grading, Drainage, Paving & Structures	\$ 22,700,000
R-XXX	Repaint Newark Bay Bridge, Main Span	\$ 5,000,000
R-XXX	I-95 Load Center	\$ 1,000,000
R-XXX	Guardrail Terminal Replacement	\$ 2,000,000
RT92-1501	Ramp TWL Construction and Route 32/County Route 535 Intersection Improvements	\$ 5,000,000
R-1484	Line Striping	\$ 2,000,000
R-1386	Demolition of Existing Interchange No. 1	\$ 3,500,000
R-XXX	Demolition of Building - Route 92	\$ 400,000
R-XXX	Interchange 12 Interim Improvements	\$ 1,500,000

SDE-402	Seaview Drive Water Main Relocation	\$	3,000,000
R-1472	Mainline Signing Improvements for Service Areas 3S, 6N, 10N and 12S	\$	1,000,000
R-XXX	Mainline Signing Improvements for Service Areas 4N, 10S and 6S	\$	200,000
NCR-501	New County Road Grade Separation	\$	2,000,000

MAINTENANCE & SPECIAL PROJECT RESERVE

R-1415	Bridge Deck Repairs and Resurfacing, Mile 83 to Mile 122	\$	150,000
R-1430	Bridge Deck Repairs, Resurfacing and Parapet Replacement N.B.H.C.E.	\$	1,000,000
R-1439	Shoulder Resurfacing/ Milled Rumble Strip, Mile 11 to Mile 108	\$	50,000
R-1442	Specialized Structural Repairs, Str. W115.36 and Other Major Structures, Mile 73 to Mile 120	\$	3,000,000
R-1448	Bridge Deck Repairs and Resurfacing, Mile 83 to Mile 122	\$	1,100,000
R-1449	Bridge Deck Repairs and Resurfacing, Mile 0 to Mile 83 and PHMTE	\$	1,200,000
R-1453	Bridge Rail Replacement, Mile 0 to Mile 122 and the Newark Bay-Hudson County Extension	\$	460,000
R-1455	Miscellaneous Structural Repairs, Mile 0 to Mile 122, PHMTE & NBHCE	\$	50,000
R-1457	Mainline Signing Improvements, Service Areas 1S, 1N, 8N and 13	\$	50,000
R-1460	Repainting Structural Steel, Mile 0 to Mile 118 and NBHCE	\$	15,000
R-1461	Bridge Deck Repairs and incidental work on various structures, Mile 82 to Mile 122 & Newark Bay-Hudson County Extension	\$	8,000,000
R-1462	Bridge Deck Repairs Mile 0 to Mile 83	\$	6,500,000
R-1463	Resurfacing, Mile 70 to Mile 121	\$	50,000
R-1464	Pile Repairs, Maintenance District 1, Stream Crossings, Mile 0 to Mile 19	\$	1,300,000
R-1466	Miscellaneous Structural Repairs	\$	2,800,000
R-1469	Resurfacing, Mile 1 to Mile 69	\$	100,000
R-1475	Repainting Structural Steel	\$	2,300,000
R-1480	Z-Turn Guardrail Attenuation and Improvements, Milepost 84 to 118	\$	200,000
R-1481	Resurfacing North	\$	3,000,000
R-1482	Resurfacing Left Shoulder/Milled Rumble Strip	\$	3,500,000
R-1483	Resurfacing South	\$	2,000,000
R-XXX	Pile Reconstruction, Mtce District 1	\$	1,500,000
R-XXX	Median Barrier Repairs	\$	1,200,000
R-XXX	ESW/SL Sign Repairs/CM Sign Modifications	\$	340,000
R-XXX	Interchanges 4 and 7A Guardrail Improvements	\$	350,000

TOTAL TURNPIKE DIVISION PROJECTS: \$ 204,015,000

PARKWAY DIVISION

CAPITAL PROJECTS

134-1209	Interchange 89 Ramp Improvements in Brick and Lakewood Townships	\$	1,500,000
084-1219	Bridge Repairs North, Milepost 149.7 to 164.9	\$	550,000
087-1126	Ramp from Middlesex-Essex Turnpike to Southbound Parkway, Grading, Drainage, Structures and Paving, Interchange 131B, MetroPark	\$	550,000
110-1114-2	Grading, Drainage and Paving for Interchange 165 Park & Ride Facility	\$	110,000
104-1211	Driscoll Bridge - new bridge	\$	34,659,930
104-1212	Driscoll Bridge Approaches	\$	7,929,823

30-1254	Hillsdale Express E-ZPass Pedestrian Bridge	\$	320,094
30-1255	Hillsdale Express E-ZPass Sign Structure Fabrication	\$	141,863
30-1256	Hillsdale Express E-ZPass Site Improvements	\$	2,178,772
37-1129	Bridge Replacement, Parkway over Jimmie Leeds Road, MP 41.7	\$	2,700,000
134-1249	Interchange 69 Ramp Toll Improvements	\$	6,000,000
134-1251	Improvements to Interchange 123	\$	6,900,000
134-XXX	Demolition of Buildings at 900, 904 and 906 Upper Main Street, Int. 123	\$	100,000
84-1164	Interchange 98 Improvements, Replacement of Rte. 138 WB bridges over the Parkway (bridge only)	\$	2,800,000
52-XXX	Rehabilitation of Concrete Median Barrier, Milepost 142.0 to 163.0	\$	3,000,000
	Replace Beam Guide Rail Posts, Milepost 0 to 172	\$	5,000,000

MAINTENANCE AND SPECIAL PROJECT RESERVE

84-1186	Superstructure Repairs to Major Bridges, MP 13.6 to 67.8	\$	300,000
82-1236	Sanitary Sewer Upgrades at Maintenance District 5 and Pump Station Improvements at Atlantic City, Forked River and Monmouth Service Areas	\$	69,594
131-1238	Underground Storage Tank Improvements, Repairs and Removal in Cape May, Burlington, Monmouth, Union, Essex, Passaic and Bergen Counties	\$	20,000
131-1239	Well Drilling Services at Parkway Facilities	\$	130,000
84-1208	Bridge Painting, Milepost 108-125	\$	1,700,000
84-1221	Bridge Repairs Central, Milepost 106-125	\$	4,600,000
84-1240	Bridge Barrier Rehabilitation, Bridge Nos. 155.8, 155.9 and 156.1A	\$	7,700,000
41-XXX	Pavement Restoration, Milepost 45-60	\$	3,500,000
41-XXX	Pavement Restoration, Milepost 30-38	\$	3,000,000
52-XXX	Replacement of Beam Guiderail Posts	\$	5,000,000
XXX	Emergency On-Call Repairs	\$	333,000
37-XXX	Holmdel State Police Facility Improvements	\$	3,800,000
37-XXX	Interim Improvements, Herbertsville	\$	1,500,000

TOTAL PARKWAY DIVISION PROJECTS \$ 106,093,076

TOTAL TURNPIKE AND PARKWAY DIVISION \$ 310,108,076

EXPRESS E-ZPASS/ALTERNATING TOLLS

In October 2002, Governor James E. McGreevey established the administration's commitment to expanding on the existing E-ZPass technology and utilizing it to further reduce traffic congestion and travel time for New Jersey's motorists.

A little more than 18 months later we are seeing the implementation of the Express E-ZPass program – thanks in part to the consolidation of the Turnpike and parkway. Consolidation allowed the Parkway to implement the Express E-ZPass system despite their limited fiscal resources by taking advantage of the sound financial position of the New Jersey Turnpike Authority.

In early January 2004 the first two Express E-ZPass toll plazas, Pascack Valley (formerly Hillsdale on the Garden State Parkway) and 18W on the New Jersey Turnpike will be completed and open to the public. In both cases, two lanes of traffic in each direction will have the ability to pay tolls electronically without the need to slow down.

The new Express E-ZPass system nearly doubles the number of transactions handled over traditional E-ZPass lanes from 1,200 to almost 2,200 per hour. Traditional E-ZPass and cash lanes will also remain for motorists who wish to continue using them.

In addition to the construction of Hillsdale and Interchange 18W, an aggressive construction program is planned to implement Express E-ZPass at strategic locations along the Garden State Parkway and New Jersey Turnpike. The targeted plazas are at the Toms River, Asbury Park and Raritan on the Parkway and 18W on the Turnpike. The total cost to implement Express E-ZPass at all of these locations is estimated to be \$45 million.

As a result of the success of Express E-ZPass in its initial deployment, the program is now being utilized to implement Governor McGreevey's plan to remove toll barriers from strategic locations along the Garden State Parkway.

After six months of analysis done at the request of Governor McGreevey Turnpike officials identified the most heavily congested toll plazas along the roadway and motorists travel habits.

In May we recommended a plan that will eliminate the Raritan North Toll Plaza and the Asbury Park South Toll Plaza while simultaneously installing Express E-ZPass at Raritan South and Asbury Park North.

Approximately 72% of all Asbury Park traffic travels through the Raritan Plaza, while 39% of the Raritan traffic travels through the Asbury Park plaza.

This means that out of the approximate 42,000 E-ZPass customers who pass through the Asbury Park Toll Plaza going northbound on any given weekday, 31,000 also pass through the Raritan Plaza. As a result of these traffic patterns, alternate tolls work better here than anywhere else on the Parkway.